Australian Industry Capability Better Practice Guide

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Any item displayed with an underline is a link to a section within the Better Practice Guide (BPG), an external email address, or an internet/intranet website link.

Version 1.0 – October 2014
To provide feedback on this Better Practice Guide please email aic.info@defence.gov.au
Foreword

This Australian Industry Capability Better Practice Guide (BPG) is a guidance document for Australian Industry Capability (AIC) Program implementation. The BPG is written to assist Defence officials and industry personnel involved in the procurement process. The BPG is written based on the assumption that the intended audience already has an understanding of Defence procurement and contracting processes and some understanding of AIC contracting requirements.

This BPG is intended to be used in conjunction with other Defence documents such as the Defence Procurement Policy Manual (DPPM) - Chapter 3.12, the Defence and Defence Materiel Organisation (DMO) Administrative Authority Instructions (AAIs) and the Australian Standard for Defence Contracting (ASDEFCON) contracting templates.

The policy framework for the BPG is derived from relevant Commonwealth legislation, including the Public Governance, Performance and Accountability Act 2014 (Cth) (the PGPA Act) and the Commonwealth Procurement Rules, as well as the 2010 Defence Industry Policy Statement (DIPS), the DPPM, and the Defence and DMO AAIs.

A key objective of the DIPS was “a sustainable and capable domestic industry that can support our key military capabilities and ensuring that the Australian Defence Force (ADF) is equipped and supported through an efficient and capable industrial base and to deliver on that commitment through the implementation of a number of strategic initiatives.”

The AIC Program does not seek to guarantee work for Australian companies, but to ensure that Australian Defence industry is afforded every opportunity to bid for work; specifically in capability acquisition or support contracts equal to or exceeding $20 million, or if a Priority Industry Capability (PIC) is identified as applicable. In such procurements, the Request for Tender (RFT) will include industry requirements derived from the applicable PICs. Tendered responses will be expected to provide a draft AIC Plan in accordance with guidance provided in the ASDEFCON RFT documentation.

The BPG will be updated on an ongoing basis to ensure the currency of information. This BPG has been developed as an additional resource to promote a better understanding of AIC requirements for procurements and replaces the AIC Toolkit.

Harry Baxter
Executive Director Industry Programs
Defence Materiel Organisation
October 2014
**Quick Reference Guide**

The following table is a quick reference guide to the AIC Program for Defence practitioners and industry participants. The table provides links to relevant areas within this BPG.

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<td>I have a program meeting coming up, what do I need to do to prepare?</td>
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1. Introduction

1.1. Purpose of the Australian Industry Capability Better Practice Guide

The purpose of the BPG is to assist users in understanding the AIC Program in relation to Defence procurement. The BPG details how Defence addresses Industry Requirements (IRs) in project and sustainment documentation and what is sought from industry under the AIC Program. The Glossary at Annex A defines the major terms used in the AIC program such as:

- IRs;
- Local Industry Activities (LIAs);
- PICs and
- Strategic Industry Capability (SIC).

The BPG is the primary reference for guidance on the AIC Program and is available in electronic format only and is not produced in hard copy. Users may choose to print a hard copy. The latest electronic copy is available at the following website.

This BPG will be updated as required to ensure that it contains the latest guidance and direction for the implementation of Defence’s AIC Program. To provide feedback on this BPG, please email the AIC Directorate.

1.2. The AIC Program

The Australian Industry Participation (AIP) National Framework encourages Commonwealth, State and Territory governments to adopt a consistent national approach to maximising AIP in investment projects, in both Australia and overseas.

The AIC Program underpins this commitment and plays an important role in fulfilling the Government’s Defence industry priorities, by fostering an environment in which Australian Defence industry can contribute to the acquisition and sustainment of Defence Capability.

The 2010 Defence Industry Policy Statement - Building Defence Capability: A Policy for a Smarter and More Agile Defence Industry Base (DIPS) detailed the purpose of AIC as follows:

- Leverage major Defence projects to create opportunities for Australian industry;
- Influence foreign prime contractors and Original Equipment Manufacturers (OEMs), including Australian-based subsidiaries, to ensure cost-effective delivery of acquisitions and sustainment and encourage investment in Australia; and
- Make technology transfer an attractive proposition for large foreign OEMs.

The AIC Program seeks to ensure that Australian industry receives every opportunity to compete for Defence industry business on its merits. The AIC Program is applied to all procurement types undertaken by Defence.

Where requested in procurement documentation, tenderers are expected to respond to AIC requirements through the preparation of a draft AIC Plan, which will be evaluated and formalised with the successful tenderer within the resulting contract.

All Defence procurement officers are responsible for implementing the AIC Program. Further advice and assistance on the AIC Program can be sought for the following areas:

- DMO procurements: AIC Directorate;
- Chief Information Officer Group (CIOG) procurements; and
- DSRG procurement officers.

Industry can source AIC information from www.defence.gov.au/dmo/id/aic/

Defence can source AIC information from here.
1.3. AIC Directorate Support

The AIC Directorate provides assistance and support to prioritised DMO projects and sustainment activities. The level of AIC Directorate support that can be provided to project and sustainment activities will be prioritised based on a number key AIC criteria and characteristics. Whilst not exhaustive, considerations include:

- strategic importance to Defence and industry;
- Government priorities;
- project or sustainment activity complexity; and
- financial thresholds.

Those DMO projects and sustainment activities identified as being a high priority will be contacted by the AIC Directorate in order to establish an ongoing relationship. A lack of direct AIC Directorate support does not negate the requirement for procurement officers to consider and fulfil all mandatory AIC Program obligations.

Based on DMO priorities, the AIC Directorate will provide the following range of services to project and sustainment offices including:

- advice on the outcomes that the project and sustainment should seek to deliver for Australian industry;
- market intelligence sourced through industry bodies, the Global Supply Chain (GSC) Program, other DMO Industry Programs and accessing information on past Defence tendering activities and contracts;
- advice on the identification of PICs, including how these capabilities may link to the project’s or sustainment activities scope of work – IRs;
- assistance with the Technical Data (TD) and Intellectual Property (IP) Needs Analysis (i.e. what considerations are required for Australian industry) (refer to section 3.5: Technical Data Requirements Analysis and Intellectual Property Needs Analysis);
- advice related to the integration with other DMO Industry Programs, so that investment in Australian industry is aligned to project and sustainment activity requirements;
- advice on initial market testing requirements and expected outcomes (refer to section 4.1: Initial Market Testing);
- support in the development of AIC considerations for the acquisition strategy, and review (refer to sections 2.4: Public AIC Plans and 3.1: Key Decision Making Documents);
- support for procurement development and review (refer to section 4: Procurement Development);
- assistance with the development of IRs (refer to section 4.3: Development of Industry Requirements);
- industry briefings on AIC aspects (refer to section 4.4: Industry Briefings);
- support for tender evaluation activities (refer to section 6: AIC Tender Evaluation);
- support for undertaking related contract negotiations (refer to section 7: Contract Negotiation and Execution);
- input to and review of Ministerial and Cabinet Submissions (refer to section 3.1: Key Decision Making Documents);
- support for the execution of relevant contracts including the finalisation, approval and promulgation of the Public AIC Plan onto the DMO website (refer to section 2.4: Public AIC Plans);
- contract management advice on AIC aspects (refer to section 8: Contract Management and AIC Reporting);
- advice on contracted AIC management and reporting requirements (refer to section 8: Contract Management and AIC Reporting);
- advice on adjusting AIC requirements within the scope of Contract Change Proposals (CCPs) (refer to section 8.3: Managing Change to the AIC Plan under Contract); and
- assistance with tailoring an AIC Strategy to meet project’s contracted AIC deliverables.
2. Australian Industry Capability Program

2.1. AIC Application

The AIC Program applies to all Defence and DMO procurements. However, the way in which the AIC Program offers opportunities to Australian industry is dependent upon specific criteria. For instance, the AIC Program requires an AIC Plan to be requested, delivered, evaluated and executed under contract for Defence and DMO procurements when:

- the estimated value of the procurement is $20 million or greater; or
- the procurement has an applicable PIC.

The estimated value of the procurement includes the contract value and the value of any expected CCPs, extension options or similar additions to the contract. These criteria apply equally for Foreign Military Sales (FMS) and Government-to-Government procurement arrangements. Procurement officers should also seek to engage PIC Definition and Review in determining PIC applicability and review Annex B (AIC Plan Scenarios) for further guidance on how to address their AIC obligations.

Where procurements fall under the $20 million threshold and PICs are not identified, a tailored version of the AIC Plan (AIC Schedule) is used. The ASDEFCON templates contain the guidance for the tailoring required.

Opportunities for Australian industry are considered through each phase of the capability lifecycle. AIC Program requirements must be reflected in key decision making documents when seeking approval. AIC is a key consideration in the First / Second Pass assurance process and essential for final sign off approvals.

2.2. How AIC is invoked in the ASDEFCON Templates

AIC provisions are included in the ASDEFCON templates. The more complex ASDEFCON templates such as Strategic Materiel, Complex Materiel Vol 2 and Support include the full AIC Plan requirements. The less complex templates have a tailored approach to AIC depending upon the requirements of the procurement.

Depending on the ASDEFCON template used, the AIC requirements are included in a range of documents that may make up the ASDEFCON contracting packaging. These AIC requirements may include the following:

- AIC tender data requirements attached to the Conditions of Tender;
- AIC contractual requirements in the Conditions of Contract;
- AIC requirements attached to the contract which includes:
  - an annex detailing the IRs; and
  - an annex which has the contracted AIC Plan;
- AIC specific definitions in the glossary;
- AIC management requirements in the Statement of Work (SoW);
- AIC data requirements in the Contract Data Requirements List (CDRL);
- AIC data item description (DID) for the AIC Plan which also includes:
  - the AIC Schedule;
  - the LIA description sheets; and
  - the Public AIC Plan; and
- Other AIC relevant DIDs which could include the:
  - Project Status Report/Contract Status Report which includes the AIC provisions; or
  - AIC Progress Report.

Depending on the ASDEFCON template used and the AIC eligibility requirements, procurement officers may need to tailor the AIC related clauses and DIDs to reflect their project or sustainment activity more accurately.

This BPG provides further detail on some of the above ASDEFCON elements in subsequent chapters.
2.3. AIC Plan

The AIC Plan is the principal document used to meet the objectives of the AIC Program. The AIC Plan describes how Australian industry will be managed and monitored including the details of the work packages known as Local Industry Activity (LIAs) that will be undertaken by Australian industry\(^1\).

The successful tenderer’s AIC Plan is included in the contract as an enforceable provision and can only be amended in accordance with the relevant provisions of that contract. Amendment of an AIC Plan is subject to approval by the Commonwealth. More detail on the AIC Plan is detailed at section 5.2: Submission of a Full AIC Plan.

2.4. Public AIC Plans

Under the AIC Program, Public AIC Plans are summarised versions of approved AIC Plans, which are sub-elements of the contracted plans, in acquisition and sustainment contracts and are published on the DMO Internet website.

Public AIC Plans communicate opportunities and identify benefits for Australian industry. The contents of these plans will vary and could range from a brief high level summary to a more detailed record depending upon the size, scope and complexity of the Australian industry component or opportunities presented as part of the procurement. The level of detail to be published in each case will be dependant upon a number of factors, including the security or commercial restrictions or caveats that apply to the information and the likelihood of any requirement to amend contracts and their associated AIC Plans over their agreed term.

Throughout the term of the contract, the AIC Plan and Public AIC Plan must remain current. In accordance with the CDRL in the contract, there is a requirement for the contractor to review and validate the on-going currency of the AIC Plan and the Public AIC Plan.

Published Public AIC Plans are located [here](#) on the DMO Internet website.

2.5. AIC Performance Management

The contractor is required to report on the performance and status of the AIC Program through the contracted AIC Plan and related AIC progress reports in accordance with the frequency agreed in the contract. Procurement officers need to assess the reports to ensure contractual compliance. More guidance on the AIC Program reporting is found at section 8.2: Reporting on the AIC Program.

To enhance the implementation of the AIC Policy, compliance audits of contracted AIC Plan delivery may be conducted – refer to section 2.6: AIC Audits.

2.6. AIC Audits

The DIPS requires that Defence and DMO enforce the implementation of the AIC policy by conducting regular audits to ensure that the obligations in contracted AIC Plans comply with DMO’s AIC Program; this requirement is also reflected in the DPPM. Once a Project Office or SPO has been notified that they will be the subject of an AIC Audit, they must respond to auditor requests in a manner that supports the audit process.

The Project Office or SPO can expect advanced notification of an AIC Audit and clear guidance on what that audit will cover. The AIC Auditor will ask for evidence enabling assessment against the audit criteria—which will also be made known to the Project Office or SPO.

The AIC Auditor may request but is not limited to the following requirements.

- Interviews with suitable team members. Topics may include descriptions of processes used to monitor compliance.
- Access to those sections of the contract deemed relevant to the AIC Program, such as the Price and Delivery Schedule, Project Management Plan, Intellectual Property Plan and the AIC Plan.
- Prime contractor reports on the contracted AIC Program such as Project Status Reports, AIC Progress Reports or Contract Status Reports.
- Copies of communications between the Project Office or SPO and contractor to address non-compliance (this could include letters, meeting minutes or slide presentations).

\(^1\) For the purposes of the AIC Program, Australian industry refers to companies that possess an Australian Business Number or are New Zealand Companies. They can be prime contractors, subcontractors or suppliers.
An AIC Audit focuses on the Project Office’s or SPO’s efforts to assess and assure the Commonwealth of a prime contractor’s compliance with the contracted AIC Plan. This includes the Project Office’s or SPO’s enforcement of, and the prime contractor’s compliance with the contracted AIC Plan.

In accordance with the contract, the Commonwealth is authorised to access the contractor’s and subcontractors’ premises for the purpose of verifying elements of the AIC performance. The contractor will be required to facilitate access for the Commonwealth and co-operate in the conduct of verification activities.

An AIC Audit verification activity may include:

- an assessment of the adequacy and effectiveness of a Project Office’s or SPO’s processes for monitoring compliance with the AIC Program;
- assessment of the Project Office’s or SPO’s compliance with their obligations to manage prime contractor’s performance against AIC contractual obligations, including efforts to enforce the contracted AIC Plan; and
- an assessment of the prime contractor’s compliance with AIC contractual obligations.

Any recommendations and feedback as a result of the audit process will be presented to the Project Office or SPO and if required, follow-up and review activities will be undertaken. Feedback and findings from AIC Audits will enable improvements to the broader AIC Program and the services provided by the AIC Directorate to assist Project Offices and SPOs.
3. Important Documents

3.1. Key Decision Making Documents

AIC must be a consideration throughout the capability lifecycle. Therefore key Defence decision documents need to be analyse and identify what actions are being proposed to maximise Australian industry opportunities. The following identifies the key Defence documents and the AIC related information that needs to be detailed within them:

- Acquisition and Support Implementation Strategy (ASIS), Sustainment Strategies and the Logistic Support Concept:
  - an assessment of Australian industry capabilities through market testing or other knowledge (engaging industry bodies or associations, previous contracts) and articulate the findings (e.g. Company A and Company B have the capability and capacity to provide in-service support). These documents explain what approach was taken to determine Australian industry's capability and capacity to deliver;
  - the identification of the potential opportunities for Australian industry in the procurement approach recommended across the capability's life of type;
  - a description of the IP rights and TD access required for Australian industry to fulfil project and sustainment requirements and what steps will be taken to secure them; and
  - the identification of the approach for developing skills and knowledge in Australia (i.e. will any DMO Industry Programs be utilised? Refer to the DMO website.

- The PGPA Act Section 23 Commitment Approval Submission:
  - seeks to obtain delegate approval for the commitment of relevant money, prior to exercising the delegation to enter into the Arrangement (which is broadly defined to include a contract, deed or memorandum of understanding);
  - the mandatory AIC obligations detailed in Section 3.12 of the DPPM must be considered in determining the scope and applicability of core AIC requirements to be included within the relevant industry section of the Section 23 Commitment Approval Submission.
  - specialist AIC and PIC advice, including the identification of relevant IRs, should be sought in tailoring the industry section. This will determine which capability systems or services Australian industry, will have the opportunity to compete for, under the proposed Arrangement, and detail the broader impacts to the Australian Defence market structure from a skills, knowledge and capacity perspective.

- Ministerial Submission (MINSUB) and Cabinet Submission (CABSUB):
  - the MINSUB and CABSUB, from an AIC perspective, should summarise the content within the Acquisition Strategy and the Contract Negotiation Report. The MINSUB and CABSUB should describe the opportunities for Australian industry within the proposed solution and identify the wider industry implications or ramifications if the project and sustainment receives Government approval. The MINSUB and CABSUB should also describe where Australian industry is not competitive, particularly in the delivery of IRs.

3.2. AIC Strategy

The Acquisition Strategy describes, at a high level, the approach to utilising Australian industry (and industry in general) across the capability lifecycle. Due to space limitations, it may not include the full detail of the exhaustive examination of how to maximise opportunities for Australian industry. A separate document may be necessary to capture the outcomes of the examination. The AIC Strategy is a document that details the analytical approach for identifying and offering opportunities to Australian industry in procurement.

The ASIS adopted by the DMO will complement the stand alone AIC Strategy. Procurement or sustainment activities that are adopting the ASIS approach may still need to detail the high level analysis and critical thinking into the AIC Strategy, as this detail may not be included in the ASIS.
The AIC Strategy is not required for all AIC eligible procurements, but it will usually be adopted when there are:

- multiple procurement activities to deliver a project or sustainment capability;
- a combination of FMS and Government-to-Government procurements;
- development and co-operative programs and bilateral and multilateral arrangements;
- standing offer deeds and panel arrangements;
- new delivery mechanisms or extant contractual arrangements that the project or sustainment activity will use (e.g. leveraging off other projects or SPOs);
- multiple platforms impacted; or
- procurements that won’t result in a contracted AIC Plan, Public AIC Plan or the ability to address the identified PICs.

The AIC Strategy can be tailored to suit the needs of the procurement, including the policy principles, and should also capture the rationale and analysis for providing Australian industry opportunities.

When developing an AIC Strategy, procurement officers should identify what steps have or will be taken to secure AIP. These may include:

- Examining all work elements within the procurement and identifying the potential opportunities for Australian industry in the procurement itself and future work. For those work elements that are unlikely to be presented to Australian industry as opportunities, the procurement officer must clearly state the reasons why;
- The process for securing TD and IP rights on behalf of Australian industry to perform follow on work in-country;
- Developing an approach for transferring skills and knowledge available overseas into Australia;
- Within the constraints of international agreements, request that specific work be delivered by Australian industry;
- Utilising the GSC Program to propose capable Australian companies for foreign contractor consideration;
- Utilising DMO Industry Programs to up-skill and promote Australian industry for work;
- Utilising resources such as the DMO website or AusTender to keep industry informed;
- Setting out a communication approach to industry and industry associations;
- Facilitating proof of capability concepts and demonstrations from Australian industry;
- Identifying and promulgating work that the project or SPO wishes Australian industry to deliver in the Letter of Request for FMS procurements. For more information on FMS programs, refer to the US Department of Defense’s (DOD) publication titled “The Management of Security Cooperation”, also called the Green Book;
- Detailing the processes and procedures that Alliance partners will adopt when releasing work to market; and
- Advising Australian industry the timings for the release of RFTs and any uncommitted work from the contractor; so that Australian industry can respond directly to the prime contractor.

3.3. Acquisition and Sustainment Option Development

Defence capability needs to drive the development of acquisition and sustainment options. When defining the mission systems, support systems and facilities required within both acquisition and sustainment options, the project and/or SPO may consider the following:

- An examination of the Australian industry marketplace to determine whether there are any locally produced commercial solutions that could meet the capability requirements with acceptable cost, schedule and technical risk;
- Whether any Australian technologies could be leveraged to enable a unique capability advantage;
- How the capability system will be used in operation (for example, are there requirements to conduct in-country support?);
Whether Australian industry could acquire the capability/capacity to provide a solution within the timeframe of the project and sustainment activities. This should include an assessment of, and strategy for:
- growing workforce numbers and developing skills;
- developing technology and transferring technology into Australia from foreign companies;
- increasing knowledge (i.e. transference of IP and TD); and
- investing in infrastructure.

The project office and/or SPO should take the following steps to assist Australian industry in building the capability to meet project and sustainment requirements:

- Engage DMO Industry Programs such as the Skilling Australia’s Defence Industry Program to target investment in the skills that are required to deliver the capability system or support. Refer to the DMO website;
- Utilise Defence programs such as the Capability and Technology Demonstrator, Rapid Prototyping Development and Evaluation and the Defence Materials Technology Centre to assist in maturing Australian industry technologies;
- Communicate, as early as possible, to industry the in-country requirements to enable investment in infrastructure and workforce; and
- Engage with industry associations, such as:
  - Australian Industry Defence Network (AIDN)
  - Australian Industry Group (AIG)
  - Australian Business Defence Industry Unit
  - Industry Capability Network (ICN)

For more information and details on all Defence and DMO Industry Programs, refer to the DMO’s Defence Industry website.

3.4. Cost Estimation

Particularly for major acquisition activities, rough order of magnitude (ROM) cost estimates should be incorporated into the cost model maintained by Capability Development Group (CDG) before Government approval, so the cost of doing work in Australia is accurately reflected. These estimates should reflect the full scope of work for the acquisition or sustainment activity. Defence cost estimators should make provisions for AIC in cost estimates based upon the following:

- whether a unique Australian solution is being pursued for the capability;
- whether there are any specific PIC related requirements;
- whether Australian sub-systems are to be integrated into the wider capability; and
- through life support requirements for example; will the location of the capability system will influence any commercial decisions the contractor makes with regards to maintenance and training.

In particular, for major acquisition activities, realistic cost estimates should be incorporated into the cost estimate templates maintained by CDG before Government approval, so the cost of doing work in Australia is accurately reflected.

3.5. Technical Data Requirements Analysis and Intellectual Property Needs Analysis

The DMO Commercial Group maintains a series of procurement process templates, ASDEFCON, for use by all Defence personnel involved in procurement. The process template library includes one for Technical Data Requirements Analysis (TDRA) and Intellectual Property Needs Analysis (IPNA) which aims to identify critical TD/IP issues and requirements associated with the acquisition or sustainment activity.

This section complements the TDRA and/or IPNA process template and provides focus on TD/IP issues relevant to the conduct of work in Australia.

TDRA/IPNA is an essential requirement to ensure Australian industry is afforded opportunities in Defence procurement. Project and procurement officers should undertake a TDRA/IPNA as early as
possible in the capability lifecycle because as decisions are made the ability to influence and increase opportunities for Australian industry are reduced.

When undertaking an IPNA for Australian industry, procurement officers should consider the questions posed in Table 2 below.

### Table 2 – IP Needs Analysis Opportunities

<table>
<thead>
<tr>
<th>TD/IP Needs Question</th>
<th>Inclusions</th>
<th>Assist Defence</th>
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<tr>
<td>How will the capability be used?</td>
<td>Where will the capability be used? What conditions will the capability encounter? What information will be necessary for testing?</td>
<td>Secure sufficient rights for Australian industry to be able to integrate the acquired capability into new systems. Ensure that disputes under contract are minimised and TD/IP access for Australian industry is maximised.</td>
</tr>
<tr>
<td>Who will use it?</td>
<td>Have the needs of the end user been identified and reconciled? Will Australian industry be required to maintain or develop the capability?</td>
<td>Ensure the scope and content of the TD/IP rights available are equal to the needs of the user. Ensure that Australian industry possess the necessary IP rights to maintain the capability.</td>
</tr>
<tr>
<td>What is the life span of the capability?</td>
<td>What is the life of type of the capability? When does support begin? What is the likely disposal strategy and associated disposal options?</td>
<td>Secure TD/IP that will be available to Australian industry for the life of type of the capability. Determine whether any potential IP ownership issues would impact on future disposal strategy and disposal options.</td>
</tr>
<tr>
<td>What is the type of capability?</td>
<td>Will the capability require maintenance? Will the capability require updates and changes? How will the capability be stored and protected?</td>
<td>Determine whether the rights needed by Australian industry are complex and long lasting. Determine what kind of TD/IP is required by Australian industry to perform updates and manage change.</td>
</tr>
<tr>
<td>What existing TD/IP rights does Defence and Australian industry have that could be used for the specific capability?</td>
<td>Can broad rights be used in a specific context? What TD/IP rights are available?</td>
<td>Secure additional TD/IP on behalf of Australian industry. Ensure proposed use of the TD/IP is according to the nature of the existing right.</td>
</tr>
<tr>
<td>Does Defence or Australian industry own or have legal claim to the TD/IP that defines the capability?</td>
<td>What rights have already been developed? Is there prior claim to the technology?</td>
<td>Determine whether Defence needs to acquire relevant TD/IP rights (i.e. sublicensing rights) for the technology on behalf of Australian industry.</td>
</tr>
<tr>
<td>Is the technology sufficiently unique that protection is required for Defence and Australian industry?</td>
<td>Have military data resources been explored and have Defence and industry experts been engaged to determine its uniqueness?</td>
<td>Determine whether formal registration is required to protect Australian owned TD/IP.</td>
</tr>
<tr>
<td>Does a market exist for the products and services that underpin the technology?</td>
<td>What broad rights will be developed? Does a commercial market exist for the technology?</td>
<td>Determine the appropriate commercialisation path such as defence only, defence and non-defence or non-defence only.</td>
</tr>
</tbody>
</table>

Procurement officers should ensure the results of the TDRA/IPNA are reflected in procurement documentation at RFT release. This may include the requirement to seek TD/IP rights for use by Australian Defence industry.
4. Procurement Development

4.1. Initial Market Testing

Initial market testing may be part of a staged procurement process (i.e. Expression of Interest, Request for Information and Request for Proposals) leading to a more extensive procurement activity.

In conducting initial market testing, procurement officers should:

- identify whether the follow on procurement will include IRs;
- analyse the capability platform or services to be procured and specify the IRs (at this stage, identification of PICs and SICs is all that is required); and
- consider and identify whether any in-country work is required, for example maintenance of a combat ship at HMAS WATERHEN Sydney.

In responding to the initial market testing, industry should:

- acknowledge the existence of IRs and identify which capabilities or work packages that it is likely to be assigned to Australian industry;
- survey the Australian market and determine whether or not any Australian companies are capable of being included in their solution. Prime contractors should allow Australian industry to contact them directly by advertising on their websites and consulting Industry Groups such as the ICN.

Responses that do not address these requirements risk being set aside as part of the procurement process.

4.2. Request for Tender Development using ASDEFCON Suite

Procurement officers must include the requirement for an AIC Plan within tender documentation when the procurement is expected to:

- equal or exceed $20 million in value (refer to Annex B: AIC Plan Scenarios); or
- impact upon a PIC.

Where the procurement does not meet the requirement for a full AIC Plan, procurement officers must include a tailored version of the AIC Plan Data Item Description (DID) within the tender documents.

When the tender documentation requires the full AIC Plan, the procurement officer should develop and if required include IRs into Attachment F of the ASDEFCON Draft Conditions of Contract.

For procurement development that does not utilise ASDEFCON templates, procurement officers should refer to section 3.1: Key Decision Making Documents.

4.3. Development of Industry Requirements

IRs are work packages that the Commonwealth wants Australian industry to deliver. IRs by design should elicit responses from tenderers that will produce tangible capability and capacity benefits in the way of skills, technology, innovation, knowledge, competition and facilities for Australian industry.

IRs need to be developed by the procurement officer and promulgated into any RFT documentation prior to release.

To develop an IR, procurement officers should:

- consider the current definition of the PICs found within the PIC Health Checks and Strategic Industry Capabilities found within: DIPS 2010 Building Defence Capability: A Policy for a Smarter and more agile Defence Industry Base;
- seek guidance from PICDR in determining the applicability PICs;
- explore the SoW to analyse and consider whether any elements of the work packages must be performed in-country (e.g. operator training to be performed at HMAS Stirling); and
- link the work packages to the PIC and SIC and populate the IRs into Attachment F of the ASDEFCON Draft Conditions of Contract.
### CASE STUDY: Acquiring a Combat Ship Capability

Consider a scenario where the Commonwealth is procuring eight combat ships that have the following system and work packages:

<table>
<thead>
<tr>
<th>System and Work Packages</th>
<th>PIC:</th>
<th>SIC:</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Combat Ship</strong></td>
<td>- Hull structure</td>
<td>Naval Shipbuilding</td>
</tr>
<tr>
<td></td>
<td>- Propulsion plant</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Electric plant</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Combat, Command, Communication and Surveillance System</td>
<td></td>
</tr>
<tr>
<td><strong>Electronic Support System</strong></td>
<td>- Electronic Support System (Defence mandated foreign system due to interoperability requirements with allies)</td>
<td>Electronic Warfare</td>
</tr>
<tr>
<td></td>
<td>- Low band subsystem</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Multi Channel Digital Receiver</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Systems Integration</td>
<td></td>
</tr>
<tr>
<td><strong>Radar</strong></td>
<td>- Receiver</td>
<td>High Frequency Phased Array Radar</td>
</tr>
<tr>
<td></td>
<td>- Transmitter</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Antenna</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- System Integration</td>
<td></td>
</tr>
<tr>
<td><strong>Test and Evaluation</strong></td>
<td>- Development Test and Evaluation</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Operational Test and Evaluation</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Test and Evaluation Support</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Test Facilities</td>
<td></td>
</tr>
<tr>
<td><strong>Training</strong></td>
<td>- Operator Training</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Courses</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Training Material</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Maintainer Training</td>
<td></td>
</tr>
<tr>
<td><strong>Peculiar and Common Support Equipment</strong></td>
<td>- Test and Measuring Equipment</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Support and Handling Equipment</td>
<td></td>
</tr>
<tr>
<td><strong>Data</strong></td>
<td>- Technical Publications</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Engineering Data</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Management Data</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Support Data</td>
<td></td>
</tr>
<tr>
<td><strong>Initial Support (3 years initial support under the contract)</strong></td>
<td>- Field Service Representatives</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Minor repairs and maintenance</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- 24 hour Help Desk</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Initial Spare and Repair Parts (3 year stockpile)</td>
<td></td>
</tr>
</tbody>
</table>

The process identified above for the identification and development of IRs is equally applicable to sustainment, modification or upgrade and disposal activities.

By analysing the above sample work packages and cross referencing with the PICs and SICs definitions, it is apparent that the Electronic Warfare and High Frequency and Phased Array Radar PICs and the Naval Shipbuilding SIC are applicable to the procurement.
Once identified by the procurement officer, the PIC and SIC are detailed in terms of IRs to enable respondents to provide greater clarity in the development of the solution.

The results in the following table are presented as part of the Conditions of Tender:

Table 3 - Industry Requirements

<table>
<thead>
<tr>
<th>IR No.</th>
<th>PIC/SIC</th>
<th>Work Package</th>
</tr>
</thead>
<tbody>
<tr>
<td>IR 1</td>
<td>Naval Shipbuilding (SIC)</td>
<td>Repair and maintenance of the hull structure and propulsion plant</td>
</tr>
<tr>
<td>IR 2</td>
<td>Electronic Warfare (PIC)</td>
<td>The supply of the Low band subsystem</td>
</tr>
<tr>
<td>IR 3</td>
<td>Electronic Warfare (PIC)</td>
<td>The supply of the Multi Channel Digital Receiver</td>
</tr>
<tr>
<td>IR 4</td>
<td>Electronic Warfare (PIC)</td>
<td>Systems integration of the Low Band subsystem and Multi Channel Digital Receiver with the Electronic Support System</td>
</tr>
<tr>
<td>IR 5</td>
<td>Systems of Systems Integration (PIC)/Through Life Support (PIC)</td>
<td>Integration of all operational onboard systems and subsystems.</td>
</tr>
<tr>
<td>IR 6</td>
<td>Systems of Systems Integration (PIC)/Through Life Support (PIC)</td>
<td>Conduct operational test and evaluation of all onboard systems and subsystems.</td>
</tr>
<tr>
<td>IR 7</td>
<td>High Frequency and Phased Array Radar (PIC)</td>
<td>The supply of the phased array radar including the receiver, antenna and transmitter</td>
</tr>
<tr>
<td>IR 8</td>
<td>High Frequency and Phased Array Radar (PIC)</td>
<td>Systems integration of the various phased array radar subsystems</td>
</tr>
</tbody>
</table>

4.4. Industry Briefings

Briefings provided by Defence to industry provide an avenue to clarify elements of procurement documentation. They also present an ideal opportunity for Defence to explain to tenderers what is sought from an AIC perspective.

When conducting industry briefings, procurement officers should:

- Explain what the purpose of the AIC Program is, for example:
  - the Commonwealth is seeking to maximise opportunities for Australian industry by requiring market testing of Australian industry for the entire SoW; and
  - the AIC and PIC elements are not based upon content (there is no minimum % pass mark unless otherwise directed by Government), but are designed to build capability and deliver value for money.

- Detail and describe the IRs that have been included in the RFT package and the implications they have for tenderers (i.e. tenderers must substantiate claims of market testing and explain how they will address IRs).

- Clearly articulate the Commonwealth’s expectations on the following:
  - the outcome the Commonwealth is trying to elicit from industry, including what work packages are considered to be beneficial for Australian industry and the ADF to deliver in-country;
  - market testing of Australian industry;
  - that a completed AIC Plan must be submitted with tender response; and
  - describing what is or is not considered a LIA.

- When attending industry briefings, industry representatives are encouraged to:
  - ask questions and seek guidance; and
  - attend a subsequent one-on-one meeting (if offered by the Commonwealth) to better understand the AIC requirements in the tender.
5. Tender Response

5.1. Tender Requirements

When RFTs are released using the ASDEFCON templates, there are standard requirements that the tenderer must satisfy. Depending on the ASDEFCON template used, the AIC tender requirements will vary. The following is a detailed outline of those requirements and what outcome the Commonwealth is seeking to elicit by including them within the RFT package.

5.1.1. Evidence of Market Testing

A tenderer must provide evidence that they have performed some market testing within Australia. A response that states “we already have an established supply chain” is generally not considered sufficient. The following must be provided:

- A description of what market testing activities and processes have been conducted. This could include consultation with industry bodies, advertising on company websites and formal release of Request for Quotations (RFQ) and RFTs. To substantiate the market testing claims, the tenderer must provide evidence of such claims. This could include copies of signed letters from industry bodies and details of quotations and tenders sought from Australian companies.
- Where a work package related to an IR is proposed to be performed outside of Australian industry, a tenderer is to justify their decision from the following perspectives:
  - impact on capability delivered;
  - impact on project and sustainment schedule; and
  - constraints that may inhibit Australian industry’s ability to participate such as regulatory or IP restrictions, or inadequate skills, knowledge, technology or facilities.

As part of the Tender Data Requirements response, tenderers must also complete the tender table in relation to each PIC proposed to be performed outside of Australia. In order to complete the Tender Data Requirements table, tenderers will be expected to conduct Australian market testing, to the extent that is practicable and makes sense.

The table is to be populated with the results of the market testing in the form of the marginal cost difference between overseas and Australian industry, using the cost element in the Price and Delivery Schedule as the baseline. Tenderers are expected to market test Australian industry against the products and services identified in the Price and Delivery Schedule.

In order to conduct market testing to determine whether a capability exists within Australia, there are a number of sources of market intelligence that tenderers may wish to use such as industry associations, the DMO GSC office or the DMO Business Access Offices (BAO).

As part of the evaluation process, the Commonwealth may separately seek information on potential participation of Australian industry in contracted work packages, including from industry associations.
CASE STUDY 1: Procurement of transport aircraft
As there are no established military aircraft manufacturers resident in-country, market testing Australia for potential manufacture of the entire aircraft in Australia is not practicable. Actual cost data for an Australian manufacturing capability would not be required, but sufficient explanation to justify the position is.

However, there are known sub-component manufacturing capabilities in Australia, which means that the tenderer is required to market test Australian industry for the sub-components and provide cost differentials if they propose to source particular components from overseas sources.

CASE STUDY 2: Procurement of armoured vehicles
There are vehicle manufacturers within Australia so tenderers are required to explore and market test an Australian design and build. If tenderers propose to design and build the vehicles overseas, tenderers must detail the additional cost for undertaking that activity in Australia so that the Commonwealth can make an informed decision.

Note to readers: The case study described above is a holistic approach to a local capability development opportunity that includes design, build and sustain in Australia. There are many other equally applicable and possibly advantageous arrangements which, may mean the delivery of capability to the ADF is undertaken in a hybrid model. Without limiting the options that may be adopted, other examples may include a licensing type arrangement – manufactured or assembled under licensing arrangements and COTS / MOTS solutions, including FMS.

5.1.2. Provision of Opportunities within the Tenderer's Supply Chain
A statement on how the tenderer proposes to provide opportunities for Australian companies to supply goods and services in the tenderer's wider supply chain network is needed. For example, as a result of this procurement, the tenderer may now be aware of Australian companies that are able to demonstrate capabilities that the tenderer could use elsewhere in the tenderer's own supply chain. This information would need to be documented in the tender response.

5.1.3. Promotion of Exports
The tenderer should advise whether or not they will promote the capability proposed in this procurement in overseas markets. The Commonwealth is not seeking a tenderers’ marketing strategy for promoting other capabilities or technologies that are not relevant to the Commonwealth's procurement.

5.1.4. Details of Research and Development strategy and investment plan
Tenderers must provide details of previous or proposed investment in Research and Development (R&D) and the development of skills for the purposes of meeting the procurement’s requirements. R&D is limited to the procurement’s scope and tenderers should avoid detailing their overarching R&D program that does not assist the company in delivering against the procurement’s requirements. Tenderers should not provide marketing type material.

5.2. Submission of a Full AIC Plan
In every instance where a AIC Plan is required, the Commonwealth expects the tenderer to read the guidance provided within the AIC Plan template and complete every aspect of the AIC Plan as part of their tender response. Where an AIC Plan requests information which is detailed elsewhere within the tender response, the tenderer is permitted to cross reference this information by clearly stating the applicable references. It is important to clearly reference in your response where this information can be found, otherwise, the tenderer risks being adversely ranked during the evaluation stage if they fail to adequately complete the AIC Plan.

The DID for the AIC Plan contain the requirement for the following sections to be completed:

- Executive Summary;
- AIC Management;
- AIC Monitoring and Reporting;
- Maximising Opportunities for AIP;
- Derivation of IRs into LIAS;
- AIC Schedule and LIA Description Sheets; and
- Public AIC Plan.
A maturity assessment has been provided below to guide tenderers with their responses. Generally, a more mature AIC Plan will be evaluated higher against the AIC evaluation criteria. The following sections contain examples of responses that may be provided in addressing the requirements under the AIC Plan. The examples below are indicative only and are provided solely as general guidance on how the Commonwealth may consider tender responses.

5.2.1. Executive Summary

Outcome sought: a summary of the opportunities that are likely to be explored across the entire SoW and an explanation and justification for decisions on whether to include or exclude Australian industry. Example ratings that might be used are as follows:

- Poor:
  - provides a summary narrative of the equipment, systems and services offered within the tender response, but does not detail what elements Australian industry will be conducting; or
  - is inconsistent with the other elements of the tender response.

- Moderate:
  - provides a summary narrative of the equipment, systems and services offered within the tender response and the specific elements Australian industry is addressing;
  - highlights the benefits to the ADF of including Australian industry in the solution; and
  - is consistent with other areas of the tender response.

- Preferred:
  - provides a summary narrative of the equipment, systems and services offered within the tender response and the specific elements Australian industry is addressing;
  - highlights the benefits to the ADF of including Australian industry in the solution;
  - is consistent with other areas of the tender response; and
  - describes how Australian industry was offered opportunities within the procurement and will continue to realise further opportunities under contract.

5.2.2. AIC Management

Outcome sought: best practice management processes are proposed and used to ensure AIC delivery. Example ratings that might be used are as follows:

- Poor:
  - state the AIC Manager’s name or position within the company.

- Moderate:
  - state the AIC Manager’s name and position within the company;
  - provide details of AIC Manager responsibilities; and
  - explain how the tenderer proposes to manage Australian suppliers and subcontractors.

- Preferred:
  - state the AIC Manager’s name and position within the company;
  - provide details of AIC Manager responsibilities;
  - explain how the tenderer proposes to manage Australian suppliers and subcontractors; and
  - provide a description of the Quality Management System (QMS) that will be used to govern and ensure delivery of AIC commitments.

5.2.3. AIC Monitoring and Reporting

Outcome sought: that there is a defined process within the tenderer’s organisation to capture and substantiate AIC data or achievement and highlight key issues to the Commonwealth. Example ratings that might be used are as follows:

- Poor:
  - state the AIC Plan performance will be reported in the Contract Status Report.

- Moderate:
  - describing how AIC data will be captured, monitored and substantiated; and
  - describing how the AIC performance will be reported within the Contract Status Report.
• Preferred:
  - describing how data will be captured, monitored and substantiated;
  - describing how the AIC performance will be reported within the Contract Status Report;
  - describing the process for identifying, highlighting and remediating non or degraded AIC performance;
  - if non or degraded AIC performance eventuates, the selection process used in offering the work to other Australian companies; and
  - the identification of timing targets for remediating non or degraded AIC performance.

5.2.4. Maximising Opportunities for Australian Industry Participation

Outcome sought: best practice processes and procedures are employed to select Australian industry as suppliers or subcontractors and to offer additional opportunities under the scope of work. Example ratings that might be used are as follows:

- Poor:
  - stating the supply chain is mature and there are no opportunities for Australian industry;
  - no explanation of why Australian companies were selected; and
  - no details provided on market testing activities or selection processes employed.

- Moderate:
  - detailing the market testing activities used and the down-selection processes employed to select Australian companies and include them within the supply chain;
  - an explanation of why each of the Australian companies were selected and the section criteria and business rules used; and
  - details of the Australian subcontractors and suppliers and description on what role or work they will perform under contract.

- Preferred:
  - describing the selection methodology the tenderer employed to decide the range of potential Australian subcontractors for potential participation in the contract;
  - detailing the market testing activities used and the down-selection process employed to select Australian companies and include them within the supply chain;
  - an explanation of why each of the Australian subcontractors and suppliers were selected including descriptions on what role or work they will perform under contract;
  - identification of the second and third preferred subcontractor or supplier in the supply chain and an explanation as to why they are not included in the capability solution;
  - identification of which work packages that remain unallocated and whether or not the work package will be outsourced; and
  - description of how the unallocated work packages will be offered to Australian industry and how they will be assessed and included under contract.

5.2.5. Derivation of Industry Requirements into Local Industry Activities

Outcome sought: clear linkage between LIA and IR to ensure the tenderer is building capability in the areas that the Department of Defence desires. Example ratings that might be used are as follows:

- Poor:
  - failure to acknowledge the existence of IRs; and
  - no description on how the entire scope of work has been analysed for potential AIP.

- Moderate:
  - identification of the IR and an explanation on how AIP within the work packages will address the IRs; and
  - explanation on how the scope of work was analysed for AIP.

- Preferred:
  - identification of the IRs and an explanation on how AIP within the work packages will address the IRs; and
  - explanation on how the scope of work was analysed for AIP and the reasoning behind proposing the LIAs.
5.2.6. The AIC Schedule and Local Industry Activity Description Sheets

Outcome sought: financial commitment to Australian industry and a clear description on the package of work they will deliver. Risks, approvals and TD/IP arrangements should be articulated to give the Commonwealth assurance that the work will be performed by Australian industry. Example ratings that might be used are as follows:

- **Poor:**
  - failure to identify the work packages that Australian industry will undertake;
  - inconsistency with other areas of the tender response including the Price and Delivery Schedule (PDS), Schedule of Subcontractors, TD, Intellectual Property Plan and Risk Register;
  - not identifying an Australian company delivering a LIA (i.e. various or multiple is not sufficient – the companies need to be identified);
  - no commitments to Australian industry (i.e. financial values) provided;
  - identifying LIAs that are not LIAs that contribute to building industry capability in Australia (e.g. Bank Fees, Airfares, Catering, Customs Duty); and
  - no LIA Description Sheets provided.

- **Moderate:**
  - identification of the work packages that Australian industry will undertake;
  - consistency with other areas of the tender response including the PDS, Schedule of Subcontractors, TD, Intellectual Property Plan and Risk Register;
  - explanation of what role each company will take in delivering a LIA (e.g. if an LIA has multiple inputs from different Australian companies, then this should be explained in the LIA Description Sheets);
  - financial data provided for Australian industry participation;
  - including only activities that are capability building (i.e. those that are considered to be LIAs);
  - completion of the LIA Description Sheets; and
  - stating that AIC Risks, Approvals and IP arrangements are found in other documents within the tender response, without providing direct reference (e.g. item 10 of the risk register).

- **Preferred:**
  - identification of the work packages that Australian industry will undertake;
  - consistency with other areas of the tender response including the PDS, Schedule of Subcontractors, TD, Intellectual Property Plan and Risk Register;
  - explanation of what role each company will take in delivering a LIA (e.g. if a LIA has multiple inputs from different Australian companies, then they should be broken down further to highlight the financial commitment to each company);
  - financial data provided for Australian industry participation;
  - including only activities that are capability building (i.e. those that are considered to be LIAs);
  - completion of the LIA description sheets; and
  - direct clause references for AIC risks, Approvals and TD/IP arrangements.

Please see **Table 4** for an explanation on what level of detail is required for Local Industry Activities.

The breakdown of the LIA should be to at least the same level as the PDS or the Payment Schedule within the RFT.

Where tenderers have multiple Australian companies delivering against the line item in the PDS or Payment Schedule, the tenderers should have separate AIC Schedule entries and LIA description sheets for each Australian company and explicitly state those individual companies along with the quantum of work ($ values) they will undertake.
CASE STUDY: Local Industry Activity Description Sheets

For example: The tenderer proposes combat ship engineering services for a total price of $13.5 million, but will subcontract most of this to Australian companies. Company A and Company B (both Australian companies) are providing engineering services worth $5 million and $8 million respectively. The tenderer is also proposing that the original equipment manufacturer (foreign company) provide a field service engineer costing $0.5 million. The payment schedule will reflect the total price for engineering services of $13.5 million which includes an imported component of $0.5 million. The AIC Schedule will show two separate Local Industry Activity entries. As each Local Industry Activity is fully performed by Australian industry, they show the imported content as $0.0 million. The engineering services imported component of $0.5 million for the Force Structure Review (FSR) is not in the AIC Schedule as it is not a Local Industry Activity performed by Australian industry. See example AIC Schedule extract as illustrated below:

Table 4 - Extract from AIC Schedule

<table>
<thead>
<tr>
<th>LIA Serial Number</th>
<th>LIA Description</th>
<th>Australian company name</th>
<th>IR Number</th>
<th>PDS Line Item Number</th>
<th>PDS Line Item Value (AUD)</th>
<th>LIA Value (AUD)</th>
<th>Imported Content (AUD)</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>LIA 01</td>
<td>Engineering Services</td>
<td>Company A</td>
<td>2</td>
<td>3</td>
<td>$13.5 mil</td>
<td>$5 mil</td>
<td>$0.00</td>
<td>Waterhen, NSW</td>
</tr>
<tr>
<td>LIA 02</td>
<td>Engineering Services</td>
<td>Company B</td>
<td>2</td>
<td>3</td>
<td>$13.5 mil</td>
<td>$8 mil</td>
<td>$0.00</td>
<td>Osborne, SA</td>
</tr>
</tbody>
</table>

5.2.7. Public AIC Plan

Outcome sought: communicate work commitments and opportunities for Australian industry are communicated to the public.

The Public AIC Plan is required to meet the following requirements:

- complies with the contract DID requirements;
- is consistent with the AIC Plan;
- is written on company letterhead;
- is signed by a duly authorised officer of the contractor;
- meets the requirements for publishing (refer to section 5.2.8: Public AIC Plans Publishing Requirements);
- includes company name, location and website address;
- details the scope of the contract, date signed, duration and price;
- for Standing Offer Deeds, details the estimated value over the duration of the Deed;
- provides a summary of the work that has been contracted and subcontracted;
- details the scope of work and value subcontracted to Australian industry;
- for Standing Offer Deeds, details the estimated value of work subcontracted to Australian industry;
- details if the work package is related to an IR (PIC and SIC) and what the IR is;
- describes the future work opportunities including what equipment, systems or services will be sought, timing of the opportunities and the location(s) where the work may be performed; and
- describes the process that will be followed to engage Australian industry in future work opportunities along with full contact details.

5.2.8. Public AIC Plans Publishing Requirements

As the Public AIC Plan will be published on the DMO Internet website as a PDF document, it will need to comply with the Australian Government’s adoption and implementation of Web Content Accessibility Guidelines (WCAG).

The guidelines provide for making content accessible for all users on various devices. The preferred standard is WCAG 2.0AA.
An easy method to see if a PDF meets guidelines is to check if the PDF is “tagged”. To do this, open the document, select **File – Properties** and the Document Properties box will open. Make sure the **Description** tab is open. At the bottom of the box, the “Tagged PDF” section will show “Yes” if tagged correctly.

Other publishing requirements include:

- ensuring all track changes are accepted before converting to PDF;
- ensuring text included in document properties can be publicly released;
- removing all proprietary or in-confidence type markings;
- including a signature within the signature block;
- ensuring only simple tables are used. Do not use tables within tables or merged cells, rows or columns. The effect of merged cells can be achieved by formatting some of the cell borders with no lines; and
- ensuring pictures and logos have Alternative Text included. This can be included by selecting **Format – Picture, Web** tab and adding text into the **Alternative text** box.

The AIC Directorate can check the PDF document to ensure it meets the above requirements so that it can be published on the website once the AIC Plan has been approved.

Ensure both a Microsoft Word and PDF version of the Public AIC Plan are provided to the AIC Directorate as standalone documents (i.e. not a single file with the full AIC Plan), so editing can be done if necessary. Any edited documents will be passed back to the responsible Defence contracting area to ensure the changes are re-approved if necessary before publishing (refer to section 7.2: **Contract Execution** for publishing process).

Published Public AIC Plans are located at the [DMO](https://www.dmo.gov.au) website.
6. AIC Tender Evaluation

6.1. AIC Evaluation Criteria
The AIC evaluation criteria are documented in the approved Tender Evaluation Plan (TEP) and in the ASDEFCON tender package. Procurement officers must adhere to the approved evaluation criteria when assessing AIC proposals.

6.2. AIC Evaluation
The DIPS states that the Government will take into consideration factors that include Australian industry impacts, national interest, broader strategic factors and other whole of Government considerations when reaching a value for money decision on procurements in areas identified as a PIC.

In representing the value for money obligations, which are key guiding principles underpinning the long term sustainability and viability of the PIC, the IRs derived as a result of the PIC identification process, promotes alignment between the project’s scope and higher strategic defence capability development priorities.

This alignment ensures that government has the capacity to make fully informed decisions to adequately shape and influence key Defence strategic capability priorities and ensure that those capabilities may be adequately supported by the ongoing development of relevant baseline skills, knowledge and capacity.

When conducting an AIC evaluation procurement officers should review the proposal for compliance. In assessing compliance, procurement officers should check:

- an AIC Plan is submitted;
- a response to IRs are provided, if required;
- commitments to Australian industry are identified within the AIC Schedule;
- LIA Description Sheets are completed; and
- a Public AIC Plan is submitted.

If a tenderer fails to meet the above, they may be assessed as non-compliant and may potentially result in the tenderer being set aside from further consideration.

6.3. Where to Source Evaluation Information
The primary information source for AIC evaluation is found within Tender response Volume 6 – AIC. Tenderers need to be aware that failure to complete the AIC Plan or adequately cross reference to other areas increases the risk that a tenderer could be assessed as non-compliant for AIC.

If the procurement officer cannot find the relevant information within Volume 6 – AIC, there are other sources of information that when examined may provide further assistance to the AIC evaluation process. These include:

- Tender Response Volume 1 (all ASDEFCON templates) – Overview
  - Company Profile – to ascertain how the contractor operates and whether they have a presence within Australia;
  - Schedule of Subcontractors – to identify whether the contractor intends to engage Australian companies and to obtain a summary of their role within the procurement; and
  - Statement of Compliance – to ascertain whether the tenderer agrees to the AIC provisions within the Conditions of Tender, Conditions of Contract and SoW.
- Tender Response Volume 2 (all ASDEFCON templates) – Commercial
  - Importation of Supplies and Export Approvals – to determine whether there are any regulation restrictions for the tenderer and whether or not this could inhibit Australian industry’s ability to deliver against the procurement’s requirements; and

Typically AIC utilises a specific Tender Evaluation Working Group template when undertaking AIC/PIC evaluations. The template is intended to standardise the assessment and provides consistency and continuity in the information examined and evaluation outcomes. The AIC/PIC evaluation template may be tailored to ensure compliance with Tender Evaluation Planning guidance.
- Intellectual Property – to determine whether there will be any issues in granting Australian industry access (that is, licensing rights) and the necessary data to be able to perform the LIA.

- Tender Response Volume 3 (all ASDEFCON templates) – Financial
  - Price and Delivery Schedule – to determine actual commitment to Australian industry. Procurement officers should cross reference Price and Delivery Schedule with the AIC Schedule as tenderers may overestimate AIP in the AIC Plan; and
  - Schedule of Payments – to determine when financial commitments to Australian industry will be realised and whether there are processes in place to deliver.

- Tender Response Volume 4 (all ASDEFCON templates) – Project Management or General
  - Past Performance – to assess the level of risk that may be involved with Australian industry participation (i.e. maturity of the relationship and delivery against previous contracts);
  - Key Staff Positions – to determine where the AIC Manager sits within the company’s organisational structure;
  - Draft Project and Sustainment Management Plan – to determine the tenderers overall approach to contract delivery, including how they will embed Australian industry within the solution; and
  - Risk Assessment and Strategy – to determine whether or not the tenderer has considered the risks of AIP or lack there of.

- Tender Response Volume 5 (Complex Materiel Vol 2) – Technical
  - Mission System – to identify where the system is coming from, how it has evolved and been developed and specifically what it is; and
  - Support System – to determine whether or not Australian industry can be included in the support system (e.g. are there International Traffic in Arms Regulation restrictions that will prevent Australian industry from supporting the system).

- Tender Response Volume 5 (Strategic Materiel only) – Technical
  - Operational Description – to identify how the system will operate once delivered; and
  - Technical Description – to identify where the system is coming from, how it has evolved and been developed and specifically what it is.

- Tender Response Volume 5 (Support only) – Support Services
  - Support Services Management – to determine how the capability will be supported over the duration of the contract and how Australian industry will be utilised in the concept.

- Tender Response Volume 7 (Strategic Materiel only) – Integrated Logistics Support
  - Support System Description – to understand the support system that the tenderer and Australian subcontractors will deliver; and
  - ILS Program Plans - to determine how the tenderer will incorporate Australian industry to deliver in-country support for the capability;

Sources outside the tender response such as DMO Company Scorecards can also be used to substantiate a tenderer’s claim of past AIC performance.

6.4. AIC Evaluation Process

The tendered AIC response is assessed both qualitatively and quantitatively and should not be evaluated in isolation. The evaluation officer responsible for evaluating AIC in tender responses, may not have the subject matter expertise to assess all AIC areas in the approach to market. Therefore, the person evaluating the AIC component of a tender should consult and consolidate input from:

- **Project Management and Scheduling Tender Evaluation Working Group** – to determine whether there are any project and sustainment management and scheduling benefits from having Australian industry involved;

- **Technical/Engineering Tender Evaluation Working Group** – for advice on the fitness for purpose of each tenderers proposal and whether or not the inclusion of Australian industry has led to a technically superior solution;

- **Financial Tender Evaluation Working Group** – to substantiate financial details and standardise across respondents;
• **Commercial/Contracting Tender Evaluation Working Group** – for advice on TD and IP and regulations that may constrain AIP; and

• **Integrated Logistic Support Tender Evaluation Working Group** – to fully understand the in-service support concept and whether AIP realises benefits such as shorter turn around times for spares.

### 6.5. AIC Evaluation Focus

Procurement officers undertaking an AIC tender evaluation can request an AIC Tender Evaluator’s Support Package from the AIC Directorate. The support package provides detailed guidance on how to evaluate against contracted AIC requirements. A summarised version of the AIC assessment will then be incorporated into the Source Evaluation Report submitted for delegate approval. To evaluate the AIC evaluation criteria, procurement officers should consider and address the following:

This is guidance only and procurement officers may not be able to answer each question. Furthermore, this is not an exhaustive list of questions as there may be additional considerations. Guidance is based on the ASDEFCON Strategic Materiel template. AIC Tender Evaluation Instructions has been developed and will be made available on request to AIC.

<table>
<thead>
<tr>
<th>Table 5 – AIC Considerations</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Question</strong></td>
</tr>
<tr>
<td>Does the tendered solution address the IRs (i.e. work packages linked to PICs and SICs)?</td>
</tr>
<tr>
<td>Has the tenderer provided evidence of market testing and justified their decisions?</td>
</tr>
<tr>
<td>Has the tenderer described how they will substantiate value for money in their supply chain as the contract progresses?</td>
</tr>
<tr>
<td>Has a Public AIC Plan been produced that meets the minimum requirements?</td>
</tr>
<tr>
<td>Question</td>
</tr>
<tr>
<td>-------------------------------------------------------------------------</td>
</tr>
<tr>
<td>What LIAs are proposed?</td>
</tr>
<tr>
<td>What skills and knowledge will be developed in Australian industry?</td>
</tr>
<tr>
<td>Has the involvement of Australian industry contributed towards a technically superior solution that is fit for purpose?</td>
</tr>
<tr>
<td>Are there cost advantages for having work performed in Australia?</td>
</tr>
<tr>
<td>Are there positive impacts on the procurement’s schedule by having Australian industry involved?</td>
</tr>
<tr>
<td>Are there any in-service support benefits by having Australian industry deliver services in-country?</td>
</tr>
<tr>
<td>Are there robust management processes in place for subcontractor management?</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Question</td>
</tr>
<tr>
<td>-------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Is there a defined process for data capture and reporting on AIC</td>
</tr>
<tr>
<td>performance?</td>
</tr>
<tr>
<td>Are arrangements in place to provide Australian industry with access</td>
</tr>
<tr>
<td>to Intellectual Property and Technical Data?</td>
</tr>
<tr>
<td>Will Technical Data and Intellectual Property access rights be granted</td>
</tr>
<tr>
<td>to Australian industry to perform through life support?</td>
</tr>
<tr>
<td>Are there any Australian Research and Development Strategies for</td>
</tr>
<tr>
<td>capability delivery that is specific to the procurement?</td>
</tr>
<tr>
<td>Will additional domestic sales or exports eventuate as a result of the</td>
</tr>
<tr>
<td>tenderers response?</td>
</tr>
</tbody>
</table>

Procurement officers undertaking an AIC tender evaluation can request an AIC Tender Evaluator’s Support Package from the AIC Directorate which includes more detailed guidance on how to evaluate against AIC requirements. A summarised version of the AIC assessment will then be incorporated into the Source Evaluation Report submitted for delegate approval.
7. Contract Negotiation and Execution

7.1. Contract Negotiation

Negotiation of AIC content in the contract should be based upon the outcomes of the tender evaluation and the issues that procurement officers have identified with the preferred tenderers response. When identifying negotiation issues and populating the Contract Negotiation Directive, the procurement officer should identify:

- AIC Clause Reference;
- Draft Contract AIC Clause;
- Consequence and Risk;
- Tenderer's response proposal;
- Commonwealth's minimum position; and
- Reasons why it is an important negotiation issue.

Although negotiations are unique to individual procurements the list below contains areas the AIC team consistently see a lack of detail in the following areas that require clarification before accepting an AIC plan. These points consume time during contract negotiations, but, if properly addressed in the tendered AIC plan, there will be no need to discuss these points during contract negotiations consistently identify as deficiencies in tendered plans. The result is that all parties to negotiations are then required to invest significant effort and re-work to conclude matters:

- Compliance with the AIC Plan requirements including:
  - clear descriptions of the approach to considering, evaluating and engaging Australian industry
  - identification and clarification of AIC financial commitments;
  - details of the work Australian industry is performing;
  - management processes; and
  - Public AIC Plan content, structure and presentation.
- AIC delivery risk, including measures to mitigate:
  - the lack of financial capacity (e.g. payment schedule);
  - inability to ramp-up production (e.g. what is the fall back position if the Australian company can’t deliver?);
  - recruitment (e.g. how they will recruit the workforce if not already resident within the Australian companies); and
  - delivery of employee training programs (specific training activities that will need to be in-place to ensure delivery over contract duration).
- TD and IP including:
  - access;
  - license restrictions; and
  - protection of Australian industry owned IP.

Work packages that the tenderer proposes to source overseas while there may be an Australian industry option (e.g. within the tender response the Commonwealth has determined that the locally sourced solution would represent better value for money). This piece of information is found in the body of evidence that the tenderer proposes in order to substantiate market testing.

Results from the AIC negotiation will need to be reflected in the Contract Negotiation Report and agreements included in the Conditions of Contract.

7.2. Contract Execution

The ASDEFCON CDRL for the AIC Plan specifies that the final version of the AIC Plan is to be approved by contract Effective Date – that is, by contract signature.

Accordingly, the AIC Plan must be approved by the Department of Defence before the contract is signed. Procurement officers should forward the approved AIC Plan (and any updates) to the AIC Directorate for the purposes of capturing data and developing market intelligence or knowledge. In addition to this, procurement officers must forward the approved Public AIC Plan to the AIC Directorate (email: aic.info@defence.gov.au) to enable it to be published on the DMO Internet website (refer to section 5.2.8: Public AIC Plans Publishing Requirements).
8. Contract Management and AIC Reporting

8.1. Contract Management
Contract Management is an integral part of monitoring AIC Program performance and ensuring that the work that was committed to Australian industry under the contracted AIC Plan is actually delivered by Australian industry. Therefore, contract managers should:

- communicate frequently with the contractor and ask how performance by Australian industry is progressing;
- be aware of early warning indicators such as schedule slippage for Australian industry participation;
- request AIC performance information from the contractor at status or progress review meetings such as the Project Management Review;
- ensure compliance with the AIC Plan maintenance requirements identified in the Contract Data Requirements List (e.g. if the maintenance period is 6 months and additional work has been granted to Australian industry via Survey and Quote mechanisms, then the financials within the AIC Schedule needs to be updated);
- monitor the AIC status/progress report that is required to be delivered in accordance with the CDRL; and
- forward the AIC status or progress report to the AIC Directorate (email: aic.info@defence.gov.au) for the purposes of gathering intelligence on AIC performance across the Department of Defence.

8.2. Reporting on the AIC Program
The method of reporting for the AIC Program is linked to the type of ASDEFCON template used. Depending on the template used, the reporting could be in the form of:

- standalone AIC Progress Reports;
- as part of the Contract Status Reports; or
- the Project Status Reports.

It is the contract (specifically, the relevant data item description) and the approved AIC Plan that determines the actual reporting methodology. The reporting framework is documented in the approved AIC Plan.

The contractor is required to provide AIC reports to the Commonwealth in accordance with the interval shown in the CDRL.

The contractor should ensure that the AIC report will:

- provide financial and schedule data on LIA achievement and a forecast for the next reporting period;
- provide an explanation for over or under performance of the AIC Plan, including identifying which LIA are causing the over or under performance;
- describe what actions will be taken to address over or under performance of the AIC Plan and identify any emerging risks that could prevent full achievement of the AIC Plan; and
- provide details of any mentoring, trade sponsorship, up-skilling and training activities (including financial value) that Australian industry has received and provide a forecast of what will be performed in the next reporting period.

The relevant AIC reporting data item description specifies the type of qualitative and quantitative reporting required. In most cases, the data item description requires the report to include financial and schedule data in both a tabular and graphical format.

An example is shown on page 27:
## AIC Financial and Schedule Reporting Table

<table>
<thead>
<tr>
<th>AIC Report Period Achievement ($)</th>
<th>AIC Cumulative Achievement to date ($)</th>
<th>Forecast for next Report Period ($)</th>
<th>Total AIC Contract Value ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>$10 million</td>
<td>$38 million</td>
<td>$5 million</td>
<td>$50 million</td>
</tr>
</tbody>
</table>

In accordance with the contract, the Commonwealth can be authorised to access the contractor’s and subcontractors’ premises for the purpose of verifying elements of the AIC performance. The contractor will be required to facilitate access for the Commonwealth and co-operate as necessary for the conduct of the verification activities. Refer to section 2.6: AIC Audits for more information.

The contractor may be asked by the Commonwealth to substantiate information contained within the AIC report by providing information such as copies of invoices and payment receipts.

When reviewing the AIC report, the contract manager should:

- ensure financial performance is identified and validated;
- ensure a narrative is provided to explain over and under performance;
- ensure an explanation is provided on how non-performance will be remediated and risks will be mitigated; and
- ensure information on jobs supported, skills developed and training undertaken is provided.

The contractor’s performance will be measured against the approved contracted AIC plan. The information contained in contract reporting will form the basis of review. The performance reporting is the vehicle for the Contractor to describe achievement and positive initiatives and innovations employed in the delivery of the statement of work. It is also expected that where performance has degraded from the plan there will be a clear narrative at to the causes and rectification plans and actions for performance. If the requirements of the AIC report are fully addressed it will lead to a more productive conversation between contract managers and the contractors during contract management meetings.
8.3. Managing Change to the AIC Plan under Contract

The approved AIC Plan is an attachment to the contract. The ASDEFCON CDRL for the AIC Plan, specifies how often the AIC Plan should be reviewed to validate currency (the maintenance function) and when the AIC Plan should be updated.

As the AIC Plan is an attachment to the contract, it can only be changed in accordance with the contract change provisions of the contract.

Contract managers and contractors must monitor the approved AIC Plan to ensure it remains current. In circumstances where the values, participants or scope of work being performed as part of the contracted AIC plan need to be amended there is a need for the parties agree and introduce the change in accordance with the contract provisions. It is expected that Contractors would provide full details of the proposed CCP and the Commonwealth will make an assessment on a case by case basis. Contract managers should also ensure that the updated AIC Plan meets the contract requirements as specified in the CDRL.

Contract managers should forward the change proposal to the AIC team for review and then once updated, the updated and approved AIC Plan should be given to the AIC Directorate for the purposes of capturing data and developing market intelligence. In addition, the AIC Directorate will publish the updated Public AIC Plan as necessary on the DMO Internet website.

In the case of a reduction in work to dDefence industry, contract managers should also consider the need to inform Government.
## ANNEX A: Glossary

### Acronyms and Abbreviations

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>ADF</td>
<td>Australian Defence Force</td>
</tr>
<tr>
<td>ADIN</td>
<td>Australian Defence Industry Network</td>
</tr>
<tr>
<td>AIC</td>
<td>Australian Industry Capability</td>
</tr>
<tr>
<td>AIG</td>
<td>Australian Industry Group</td>
</tr>
<tr>
<td>AIP</td>
<td>Australian Industry Participation</td>
</tr>
<tr>
<td>ASDEFCON</td>
<td>Australian Standard for Defence Contracting</td>
</tr>
<tr>
<td>ASIS</td>
<td>Acquisition and Support Implementation Strategy</td>
</tr>
<tr>
<td>BPG</td>
<td>Better Practise Guide</td>
</tr>
<tr>
<td>CABSUB</td>
<td>Cabinet Submission</td>
</tr>
<tr>
<td>CCP</td>
<td>Contract Change Proposal</td>
</tr>
<tr>
<td>CDG</td>
<td>Capability Development Group</td>
</tr>
<tr>
<td>CDRL</td>
<td>Contract Data Requirements List</td>
</tr>
<tr>
<td>CIOG</td>
<td>Chief Information Officer Group</td>
</tr>
<tr>
<td>CPR</td>
<td>Commonwealth Procurement Rules</td>
</tr>
<tr>
<td>DCP</td>
<td>Defence Capability Plan</td>
</tr>
<tr>
<td>DID</td>
<td>Data Item Description</td>
</tr>
<tr>
<td>DIPS</td>
<td>Defence Industry Policy Statement</td>
</tr>
<tr>
<td>DMO</td>
<td>Defence Materiel Organisation</td>
</tr>
<tr>
<td>DoD</td>
<td>Department of Defense (US)</td>
</tr>
<tr>
<td>DPPM</td>
<td>Defence Procurement Policy Manual</td>
</tr>
<tr>
<td>DSRG</td>
<td>Defence Support and Reform Group</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>FMS</td>
<td>Foreign Military Sales</td>
</tr>
<tr>
<td>FSR</td>
<td>Force Structure Review</td>
</tr>
<tr>
<td>GSC</td>
<td>Global Supply Chain</td>
</tr>
<tr>
<td>ICN</td>
<td>Industry Capability Network</td>
</tr>
<tr>
<td>IP</td>
<td>Intellectual Property</td>
</tr>
<tr>
<td>IPNA</td>
<td>Intellectual Property Needs Analysis</td>
</tr>
<tr>
<td>IR</td>
<td>Industry Requirement</td>
</tr>
<tr>
<td>LIA</td>
<td>Local Industry Activity</td>
</tr>
<tr>
<td>MINSUB</td>
<td>Ministerial Submission</td>
</tr>
<tr>
<td>OEM</td>
<td>Original Equipment Manufacturer</td>
</tr>
<tr>
<td>PDS</td>
<td>Price and Delivery Schedule</td>
</tr>
<tr>
<td>PIC</td>
<td>Priority Industry Capability</td>
</tr>
<tr>
<td>R&amp;D</td>
<td>Research and Development</td>
</tr>
<tr>
<td>RFO</td>
<td>Request For Offer</td>
</tr>
<tr>
<td>RFQ</td>
<td>Request For Quotation</td>
</tr>
<tr>
<td>RFT</td>
<td>Request For Tender</td>
</tr>
<tr>
<td>ROM</td>
<td>Rough Order of Magnitude</td>
</tr>
<tr>
<td>SIC</td>
<td>Strategic Industry Capability</td>
</tr>
<tr>
<td>SME</td>
<td>Small Medium Enterprise</td>
</tr>
<tr>
<td>SoW</td>
<td>Statement of Work</td>
</tr>
<tr>
<td>SPO</td>
<td>System Program Office</td>
</tr>
<tr>
<td>TD</td>
<td>Technical Data</td>
</tr>
<tr>
<td>TDRA</td>
<td>Technical Data Requirements Analysis</td>
</tr>
</tbody>
</table>
### Definitions

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Industry Requirements or IRs</td>
<td>means the Priority Industry Capabilities (PICs) and Strategic Industry Capabilities (SICs).</td>
</tr>
<tr>
<td>Local Industry Activities or LIAs</td>
<td>means the activities required to be undertaken by Australian and/or New Zealand industry as set out in the AIC Plan.</td>
</tr>
<tr>
<td>Australian Industry</td>
<td>means the local Australian and New Zealand industry base that has the capability and capacity to perform contracted defence related work activities.</td>
</tr>
<tr>
<td>Priority Industry Capability or PIC</td>
<td>means the capability that confers an essential strategic advantage by being available within Australia and which, if not available, would significantly undermine Defence self reliance and ADF operational capability.</td>
</tr>
<tr>
<td>Strategic Industry Capability or SIC</td>
<td>means the capability that provides Australia with enhanced Defence self reliance, ADF operational capability or longer term procurement certainty, by being available within Australia.</td>
</tr>
<tr>
<td>AIC Practitioners</td>
<td>means those personnel, internal and external to defence, that perform activities that support AIC objectives and priorities as part of their normal duties.</td>
</tr>
</tbody>
</table>
### ANNEX B: AIC Plan Scenarios

<table>
<thead>
<tr>
<th>Scenario</th>
<th>Product Required/Delivered</th>
<th>AIC Monitoring &amp; Oversight</th>
<th>AIC Reporting</th>
<th>Actions Required</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Project/Sustainment contains a PIC and is procuring all equipment through one open/ restricted/single supplier limited RFT.</td>
<td>AIC Plan</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>2</td>
<td>Project/Sustainment is equal to or above $20m and is sourcing all equipment through one open/restricted/ single supplier limited tender.</td>
<td>AIC Plan</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>3</td>
<td>Project/Sustainment is equal to or above $20m or contains a PIC and includes multiple procurements; with some above $20m and some under $20m.</td>
<td>AIC Plan</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td>Procurement 1: ≥$20m or contains a PIC</td>
<td>AIC Plan</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td>Procurement 2: &lt;$20m</td>
<td>AIC Schedule</td>
<td>Potentially¹</td>
<td>Potentially¹</td>
</tr>
<tr>
<td>4</td>
<td>Project/Sustainment is equal to or above $20m or contains a PIC, but is sourcing some equipment through FMS/ Government to Government Sales and some equipment through open/restricted/single supplier limited RFTs.</td>
<td>AIC Plan</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td>Procurement 1: ≥$20m or contains a PIC</td>
<td>AIC Plan</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td>Procurement 2: &lt;$20m</td>
<td>AIC Schedule</td>
<td>Potentially¹</td>
<td>Potentially¹</td>
</tr>
<tr>
<td></td>
<td>FMS Procurement 1: ≥$20m or contains a PIC</td>
<td>AIC Strategy</td>
<td>Potentially¹</td>
<td>Yes – if GSC Deed exists</td>
</tr>
<tr>
<td></td>
<td>FMS Procurement 2: &lt;$20m</td>
<td>AIC Strategy</td>
<td>Potentially¹</td>
<td>Potentially¹</td>
</tr>
<tr>
<td>Scenario</td>
<td>Product Required/Delivered</td>
<td>AIC Monitoring &amp; Oversight</td>
<td>AIC Reporting</td>
<td>Actions Required</td>
</tr>
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<td>-----------------------------</td>
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</tr>
<tr>
<td>5</td>
<td>Project is procuring equipment through FMS or Government to Government Sales.</td>
<td>AIC Strategy</td>
<td>Potentially^1</td>
<td>An AIC Strategy is to be developed for the FMS procurement equal to or above $20m. Project should consider requesting specific equipment and services supplied by Australian industry and/or IP access in the Letter of Request. Consultation with the AIC Directorate is recommended. Project engages the Global Supply Chain Program for active promotion of Australian industry in extant supply chains. For the FMS procurement below $20m, the project/sustainment should consider developing an AIC Strategy.</td>
</tr>
<tr>
<td></td>
<td>FMS Procurement 1: ≥$20m or contains a PIC</td>
<td>Yes – if GSC Deed exists</td>
<td>Potentially^1</td>
<td></td>
</tr>
<tr>
<td></td>
<td>FMS Procurement 2: &lt;$20m</td>
<td>AIC Strategy</td>
<td>Potentially^1</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Project/Sustainment is equal to or above $20m or contains a PIC, but is leveraging off existing contracts to deliver the equipment.</td>
<td>Update the AIC Plan</td>
<td>Yes</td>
<td>The project actions CCP for the additional work including an update to the AIC Plan. If the contract change is greater than $20m and the contract does not have an AIC Plan, then add the AICP to the Contract. If the contract change is below $20m and the contract does not have an Australian Industry Involvement or Australian Industry Capability Plan, then no action needs to be taken. Project/Sustainment is required to justify approach within sections 3.2: AIC Strategy, 3.1: Key Decision Making Documents, MINSUB and CABSUBs.</td>
</tr>
<tr>
<td></td>
<td>Existing contract 1: ≥ $20m Contract Change or contains a PIC</td>
<td>Update the AIC Plan</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Existing contract 2: &lt; $20m Contract Change</td>
<td>Update the AIC Plan</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Scenario</td>
<td>Product Required/ Delivered</td>
<td>AIC Monitoring &amp; Oversight</td>
<td>AIC Reporting</td>
<td>Actions Required</td>
</tr>
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</tr>
<tr>
<td>7</td>
<td>Project/Sustainment is equal to or above $20m or contains a PIC, but is leveraging off existing FMS Cases to deliver the equipment or services.</td>
<td>AIC Strategy</td>
<td>Potentially</td>
<td>Yes – if GSC Deed Exists</td>
</tr>
<tr>
<td></td>
<td>Existing FMS Case 1: ≥ $20m Amendment or contains a PIC</td>
<td>Consider AIC Strategy</td>
<td>Potentially</td>
<td>Potentially</td>
</tr>
<tr>
<td></td>
<td>Existing FMS Case 2: &lt; $20m Amendment</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>Project/Sustainment is equal to or above $20m or contains a PIC and the Systems Program Office will be the Systems Integrator of the equipment purchased</td>
<td>AIC Plan</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td>Equipment 1 procurement: ≥$20m or contains a PIC</td>
<td>AIC Schedule</td>
<td>Potentially</td>
<td>Potentially</td>
</tr>
<tr>
<td></td>
<td>Equipment 2 procurement: &lt;$20m</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>Project/Sustainment is valued equal to or above $20m or contains a PIC and is procuring materiel through standing offer or standing offer panels.</td>
<td>AIC Plan</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td>Estimated Orders against Standing Offers/Panel: ≥$20m or contains a PIC</td>
<td>AIC Schedule</td>
<td>Potentially</td>
<td>Potentially</td>
</tr>
<tr>
<td></td>
<td>Estimated Orders against Standing Offers/Panel: &lt;$20m</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Scenario</td>
<td>Product Required/Delivered</td>
<td>AIC Monitoring &amp; Oversight</td>
<td>AIC Reporting</td>
<td>Actions Required</td>
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</tr>
<tr>
<td>10</td>
<td>Project/Sustainment is equal to or above $20m and is leasing equipment</td>
<td>AIC Plan</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td>Lease 1: ≥$20m when including extension options in the value</td>
<td>AIC Plan</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td>Lease 2: &lt;$20m when including extension options in the value</td>
<td>AIC Schedule</td>
<td>Potentially¹</td>
<td>Potentially¹</td>
</tr>
<tr>
<td>11</td>
<td>Projects that don’t fit into any of the identified categories</td>
<td>TBD</td>
<td>TBD</td>
<td>TBD</td>
</tr>
</tbody>
</table>

1. Potentially: means it is dependent upon the decision on how AIC is implemented, as documented in the AIC Strategy, ASIS or other procurement documentation. Project/Sustainment officers will need to regularly monitor how AIC is implemented to make sure the approach remains consistent with the approved AIC approach.

2. AIC Plans are required when the procurement is over $20 million or it involves a PIC.

3. For procurements below the $20 million threshold and not involving PICs, only the AIC Schedule is required, not the full AIC Plan.

4. Where an activity involves multiple or complex procurements, the project/sustainment should consider developing an AIC Strategy that will explain how opportunities for Australian industry will be realised within all procurements. This also applies to FMS and other Government to Government procurements. Refer to section 7.2: Contract Execution.

5. Projects will need to engage the GSC Program for active promotion of Australian industry in extant supply chains for significant procurements. This particularly applies to FMS and other Government to Government procurements where the ASDEFCON contracting template suite is not being used.

6. AIC Reporting is required where AIC Plans are required - this is linked to the type of ASDEFCON template used.